



State of Utah

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Utah State Tax Commission

PAM HENDRICKSON
Commission Chair

R. BRUCE JOHNSON
Commissioner

MARC B. JOHNSON
Commissioner

D'ARCY DIXON PIGNANELLI
Commissioner

RODNEY G. MARRELLI
Executive Director

June 8, 2007

Name
Address
City State Zip

RE: Sexually Explicit Business and Escort Service Tax

Dear Name:

The Auditing Division of the Utah State Tax Commission is currently conducting a self-review of sexually explicit businesses and escort services. Our office has information from tax records, city licensing departments as well as local law enforcement agencies indicating your business is operating as a sexually explicit business or escort service and is subject to the Sexually Explicit Business and Escort Service Tax, (SEB tax). Additionally, we show you may have not filed Form TC-63, Sexually Explicit Business and Escort Service Tax Return.

In a self-review project you review your own books and records for a potential SEB tax liability.

This self-review project is designed to:

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none">• Help you become familiar with the Sexually Explicit Business and Escort Service Tax, Utah Code §59-27-(101-108).• Encourage you to become licensed, if applicable, for Sexually Explicit Business and Escort Service Tax.• Determine those transactions made by you that are subject to SEB tax. | <ul style="list-style-type: none">• Aid in calculating the correct SEB taxes due.• Ensure that your competitors are also remitting their fair share of SEB taxes.• Reduce business interruptions because an auditor does not physically come to your place of business.• Assist you in future compliance to avoid penalty and interest. |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Any SEB tax self-reported and remitted as part of this project will be subject only to interest. On the other hand, if you do not respond to this notice timely and accurately we will contact you and schedule a field audit, which typically includes the examination of all applicable Utah taxes, not just the SEB tax. All underpayments resulting from field audits will be subject to the normal statutory penalties and interest and will include the maximum audit period allowed under Utah tax law.

The information enclosed in this package is designed to help you perform your review. Once the review has been completed, the tax and interest calculations can be made by using the enclosed SEB tax **Summary**.

Name
June 8, 2007
Page 2 of 2

If you are operating as a sexually explicit business or escort service, please do the following:

1. Complete, sign and date the SEB tax **Summary**.
2. Fill out the enclosed **Checklist and Questionnaire**.
3. Remit the correct amount of tax due, as calculated on the SEB tax **Summary**.
*Note: If you are operating multiple qualifying businesses under the same FEIN you may include them on the same **Summary** if you provide a list of the separate businesses included. Please prepare a separate Summary for each FEIN.*
4. Return the **Checklist and Questionnaire**, SEB tax **Summary** and tax due in the envelope provided by **July 9, 2007**.
5. Upon returning this self-review you will automatically become registered for the SEB tax and will start receiving the SEB tax return to file and report future tax amounts.

If you feel that you are not operating as a sexually explicit business or escort service, do not disregard this letter. Please do the following:

1. Sign and date the SEB tax **Summary**, entering \$0.00 (zero) in the "Total Amount Due" box. If you indicate that your business is not subject to the Sexually Explicit Business and Escort Service Tax, state what your business activity is and provide any applicable documentation that shows what your business is operating as and why it exempts you from this tax.
2. Fill out the enclosed **Checklist and Questionnaire**.
3. Return the **Checklist and Questionnaire** and the SEB tax **Summary** in the envelope provided by **July 9, 2007**.

In addition to the previously mentioned forms, you will also find enclosed a **FAQ** form to assist you in completing this self-review and in answering some of the common questions associated with the SEB tax. The enclosed documents and a link to *Form TC-63, Sexually Explicit Business and Escort Service Tax Return*, for future reference, are also located on our website at <http://tax.utah.gov/selfreview> (select the **Sexually Explicit Business/Escort Service Tax** link.) If you complete any forms online, please print and submit them by mail. A return envelope is enclosed for you to use in submitting the completed forms to our office.

It is important that you return the completed **Checklist and Questionnaire**, SEB tax **Summary** and payment, if applicable, by **July 9, 2007**. If you need additional time, have any questions or concerns please contact Matthew Duke at (801) 297- 4670 or Julie Goins at (801) 297- 4753. You may also e-mail us at comp@utah.gov.

Thank you for your prompt attention and cooperation regarding this matter.

Respectfully,

Michael Christensen
Tax Audit Manager

Enclosures